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Mr. Fruit-Vegetable Grower:

Does a Federal MARKETING ORDER

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Your Industry

AUG 15 1963

CURRENT SERIAL RECORDS



MARKETING ORDERS FOR FRUITS AND VEGETABLES

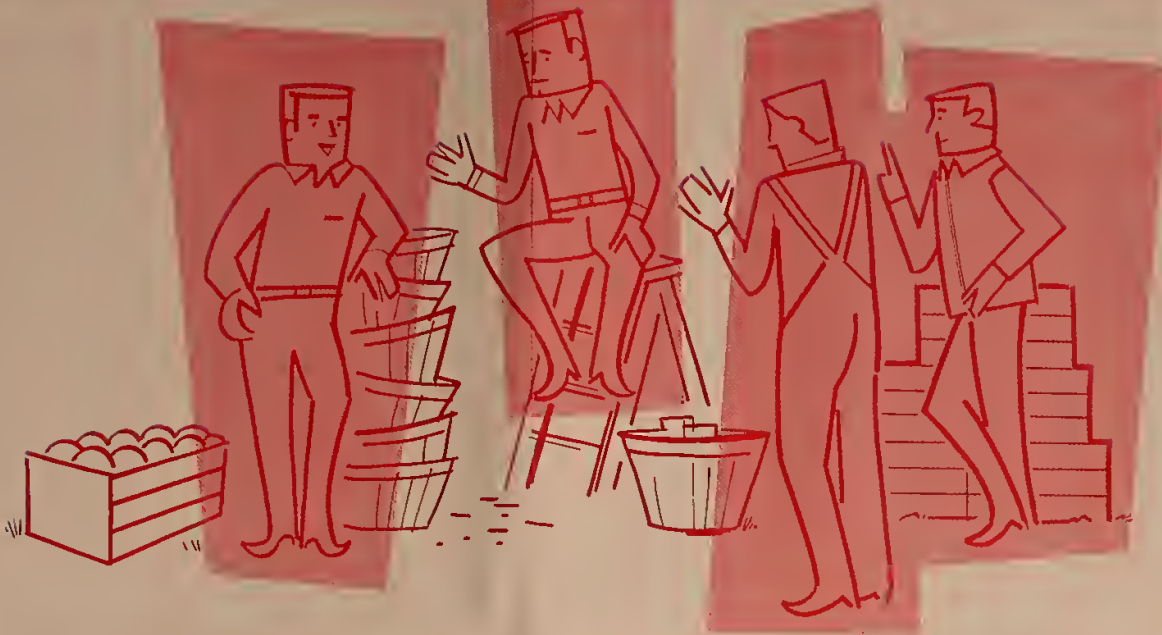
Fruit and vegetable growers today face some big marketing problems--often too big for them to solve individually. But many growers are helping each other solve these big marketing problems by working together through Federal marketing orders.

A marketing order is a marketing plan, designed by the growers and handlers in a particular industry, tailored to the industry's conditions, and run by the industry itself under the super-

vision of the U. S. Department of Agriculture. Many fruit and vegetable growers are using these marketing orders to build stable, orderly markets for their crops and improve their returns.

There are 45 marketing orders now in effect for fruit, vegetable, and tree nut crops grown in 27 States. The products handled under these programs have a farm value of more than one and a quarter billion dollars a year.





WHAT IS A MARKETING ORDER?

A marketing order program is a partnership between an industry and government. If a two-thirds majority of the growers in an industry favor a marketing order, the Secretary of Agriculture can issue an order, binding on the whole industry in the producing area.¹

Then the industry, through an administrative committee, can initiate regulations to put into effect the marketing plan authorized under the order.

¹The two-thirds majority can be either by number of growers voting in the referendum or by volume of production.

WHAT YOU CAN DO UNDER A MARKETING ORDER

Several types of marketing plans can be carried out through marketing orders for fruits or vegetables. Any one of them, or any combination, can be used to tailor a program to the industry's particular situation.

Quality regulations can be used to keep inferior grades and less-desirable sizes of the commodity from depressing the market for the whole crop, and to build consumer confidence. This is the most widely-used type of regulation.

Quantity regulations of two types are available: (1) rate-of-flow regulations to keep the commodity moving to market in an orderly manner during the marketing season, and (2) surplus pools to regulate the total quantity that can be marketed in a given marketing season.

Standardized packs and containers permit the industry to concentrate on the types that consumers and receivers want, and eliminate deceptive containers.

Market research and development projects can be set up with funds collected under the marketing order, to improve the marketing, distribu-

tion and consumption of the commodity. Funds may not be used for direct advertising or sales promotion programs, except under marketing orders for cherries.

Marketing information--The administrative committee may collect statistics and shipping information necessary to operate the marketing order. This information is also available to individual growers and handlers to help them in making their marketing decisions.

Industry organization--One of the indirect benefits of a marketing order is that it gives members of an industry the experience of working together on a common problem. In some cases this opportunity for industry cooperation and joint effort has been one of the greatest contributions of the marketing order.

HOW A MARKETING ORDER OPERATES

Every fruit and vegetable marketing order is operated by an administrative committee. The committee members come from the industry--nominated by the industry itself--and are appointed by the Secretary of Agriculture.

The committee's main job is to recommend to the Secretary the regulations that should be set up under the program. Under a program that authorizes quality regulations, for instance, the committee may decide that low-quality stocks are depressing the market for their whole crop. They could recommend to the Secretary of Agriculture that only shipments which meet a certain minimum quality level could be shipped. The committee might draw this quality line at U. S. No. 1, U. S. No. 2, or any other set of specifications they felt was necessary. This quality regulation would improve the general quality of shipments--which should stimulate sales. Such regulations also can be changed when marketing conditions warrant.

HOW A MARKETING ORDER IS FINANCED

The local operations of a marketing order -- committee expenses, manager, etc. -- are financed by assessments on handlers. The assessment is usually in terms of cents per box, bag, or ton. The rate of assessment is fixed by the Secretary of Agriculture, based on a budget recommended by the administrative committee.

The administrative committee is responsible for expenditures, and must keep accurate books, subject to annual audits.

THE ROLE OF THE SECRETARY OF AGRICULTURE

Under the law, the Secretary of Agriculture has the final responsibility for all marketing orders. For this reason he makes the final decision on all marketing order actions -- issuing regulations, levying assessments, and appointing administrative committee members. The Secretary relies heavily on the recommendations of the industry's administrative committee in reaching his decisions.

DO YOU NEED A MARKETING ORDER?

What marketing problems do you have? Will a marketing order help solve them? These are some of the questions to ask within your industry before you take any steps toward a marketing order. You wouldn't choose a wrench as the best tool for driving a nail, and a marketing order isn't always the best tool for a particular marketing problem.

The first thing to do, then, is to work with other members of your industry and really study your marketing situation. Make sure you get the views of all segments of the industry -- growers, shippers, processors, packers.

Analyze your problems -- then choose the best tool for the job to be done.

HOW IS A MARKETING ORDER ESTABLISHED?

If you decide on a marketing order, then you'll need to draft a proposed order. Advice and guidance on this may be obtained from the Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture. The proposal should be tailored to your industry, and should have solid support within the industry. Cooperation is the secret of success in marketing orders -- and this means shippers, packers, and processors as well as growers. They all have a big stake in the order, too.

After you have agreed on a draft of the order, you begin the formal procedure. This takes time, but it's not just red tape. The procedures are carefully set up to give everyone who will be affected by the program a chance to study it and be heard.

Step 1: Submit your proposal to the U.S. Department of Agriculture with a request for a public hearing.

Step 2: A public hearing is held in the production area. At this hearing the proponents should explain how the proposed marketing order will fit the particular conditions in the industry, and how it will help solve the industry's marketing problems. Opponents also will have the opportunity to present evidence supporting their position.

Step 3: The evidence presented at the hearing is reviewed, and a recommended decision is issued by USDA. This is not a final decision, but is a suggested marketing plan based on an analysis of the hearing record and the proposed order developed to deal with the industry's marketing problems. Any interested party then has a period of time to file exceptions to the recommended decision.

Step 4: After again reviewing the hearing record in light of the exceptions, the Secretary of Agriculture's finding is announced. If he finds that an order should be issued, its terms are spelled out in detail.

Final step: The Secretary must submit the order to a producer referendum. A two-thirds majority of the growers voting -- either by number or by volume of production -- must favor the order, before it can be issued.

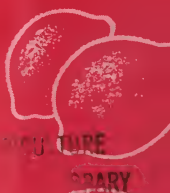
HOW CAN A MARKETING ORDER BE TERMINATED?

Whenever a majority of the growers, who also produce at least one-half of the crop, ask the Secretary of Agriculture to terminate an order, he must do so. The secretary also must terminate or suspend a marketing order program if he determines that it no longer carries out the declared policy of the Agricultural Marketing Agreement Act of 1937 under which marketing orders are authorized.

PUBLICATIONS AVAILABLE:

"Marketing Agreements and Orders for Fruits and Vegetables," AMS-230; 14 pages. Detailed explanation of what marketing orders are, and how they operate.

"The ABC's of Federal Marketing Orders and Agreements for Fruits and Vegetables," PA-506, 51 pages. A series of short essays on marketing orders.



**FURTHER INFORMATION IS
AVAILABLE FROM:**

Fruit and Vegetable Division
Agricultural Marketing Service
U. S. Department of Agriculture

EITHER AT:

Washington 25, D. C.

**OR AT ONE OF THE MARKETING
FIELD OFFICES LISTED BELOW:**

Room 416, Mercantile Building
2082 Center Street
Berkeley 4, California

1031 So. Broadway, Room 1005
Los Angeles 15, California

Room 8518, Federal Building
650 Capitol Avenue
Sacramento 14, California

3525 East Tulare Street
Fresno 2, California

1218 S. W. Washington Street
Portland 5, Oregon

Room 336, New Custom House
Denver 2, Colorado

Florida Citrus Mutual Building
or P. O. Box 19
Lakeland, Florida

Commercial Arts Building
2217 No. 10th Street
McAllen, Texas

408 Atlantic Avenue, Room 725
Boston 10, Massachusetts

U. S. Department of Agriculture
Agricultural Marketing Service
Fruit and Vegetable Division
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